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Trends in Regulations and Issues in the Competitive Power Industry

Presented by

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EPSA is the national trade association representing the competitive power supply industry, including power producers and marketers

Restructuring Activity

- **25 States + District of Columbia have taken steps to move to competition**
- **Open Access - Order No. 888**
- **RTOs - Order No. 2000**
- **Federal legislation - still waiting**

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The Non-Regulated Generation Sector: Growing at an Astonishing Rate

As of October 2000:

- **244,000 MW announced new merchant plants**
- **90,260 MW utility asset sales**
- **The non-regulated generation sector will control about 25% of installed capacity by the end of 2001**

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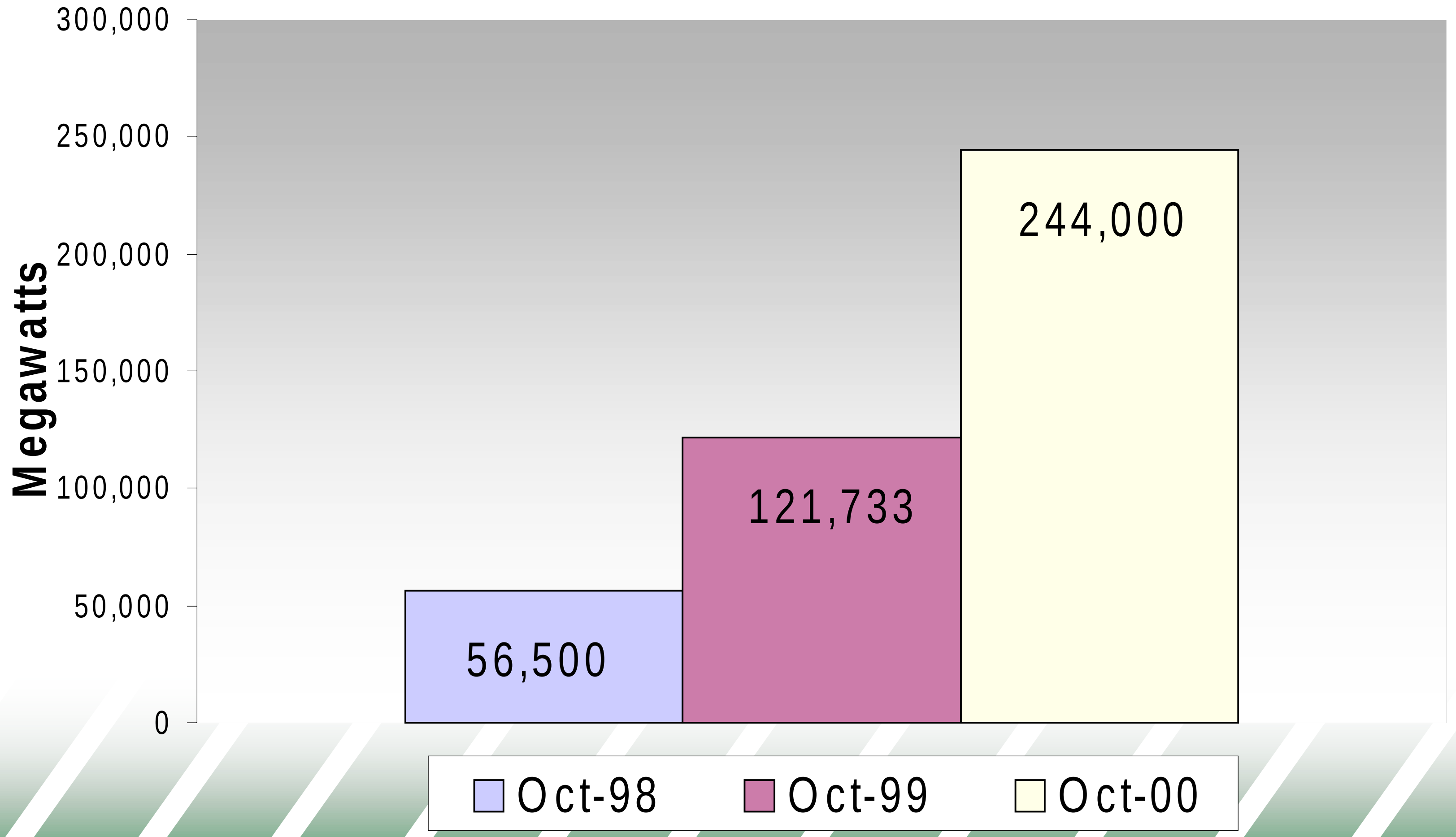
Announced Merchant Plant Capacity



Announced Merchant Plant Additions

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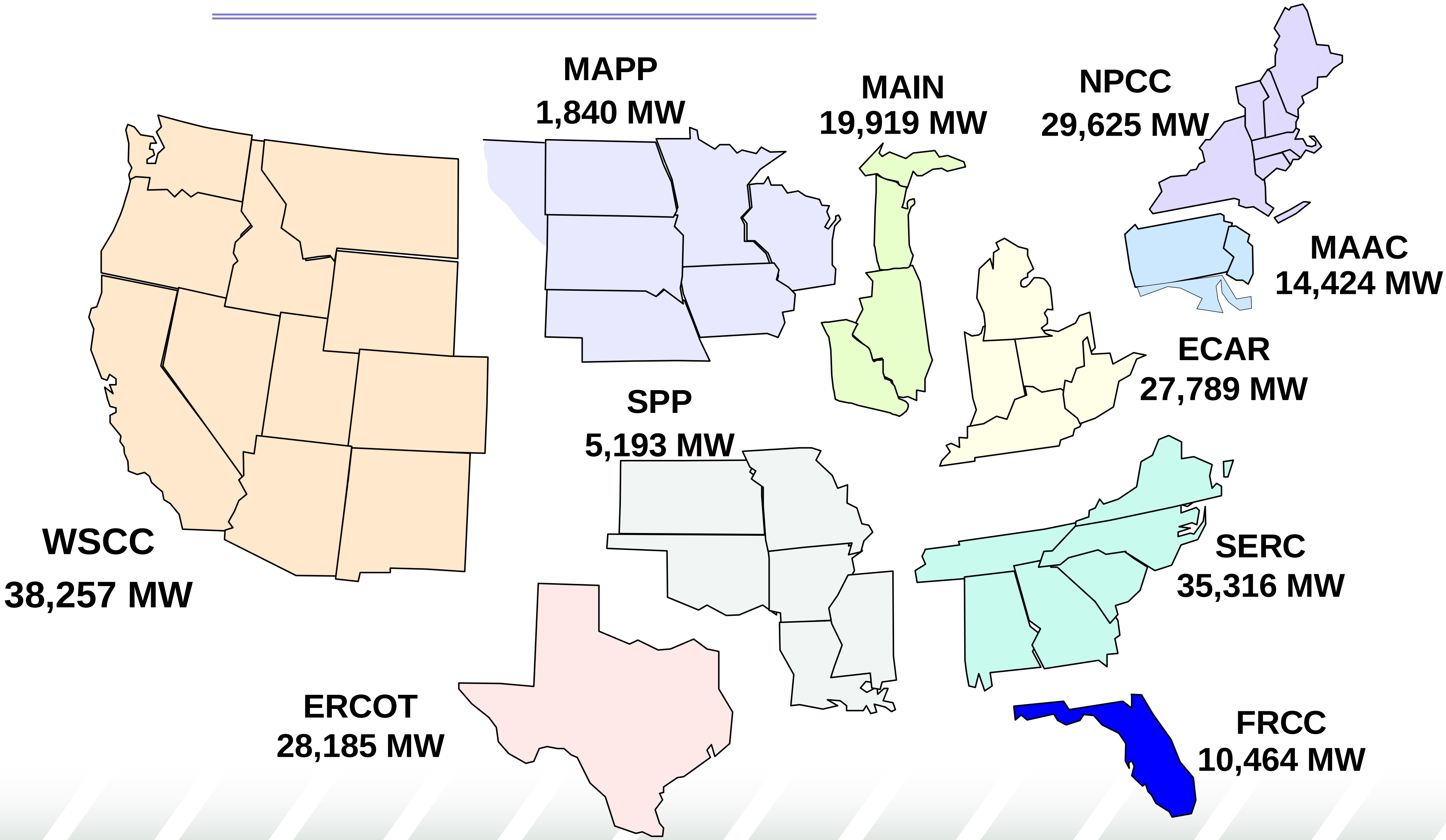

Source: Electric Power Supply Association, October 2000

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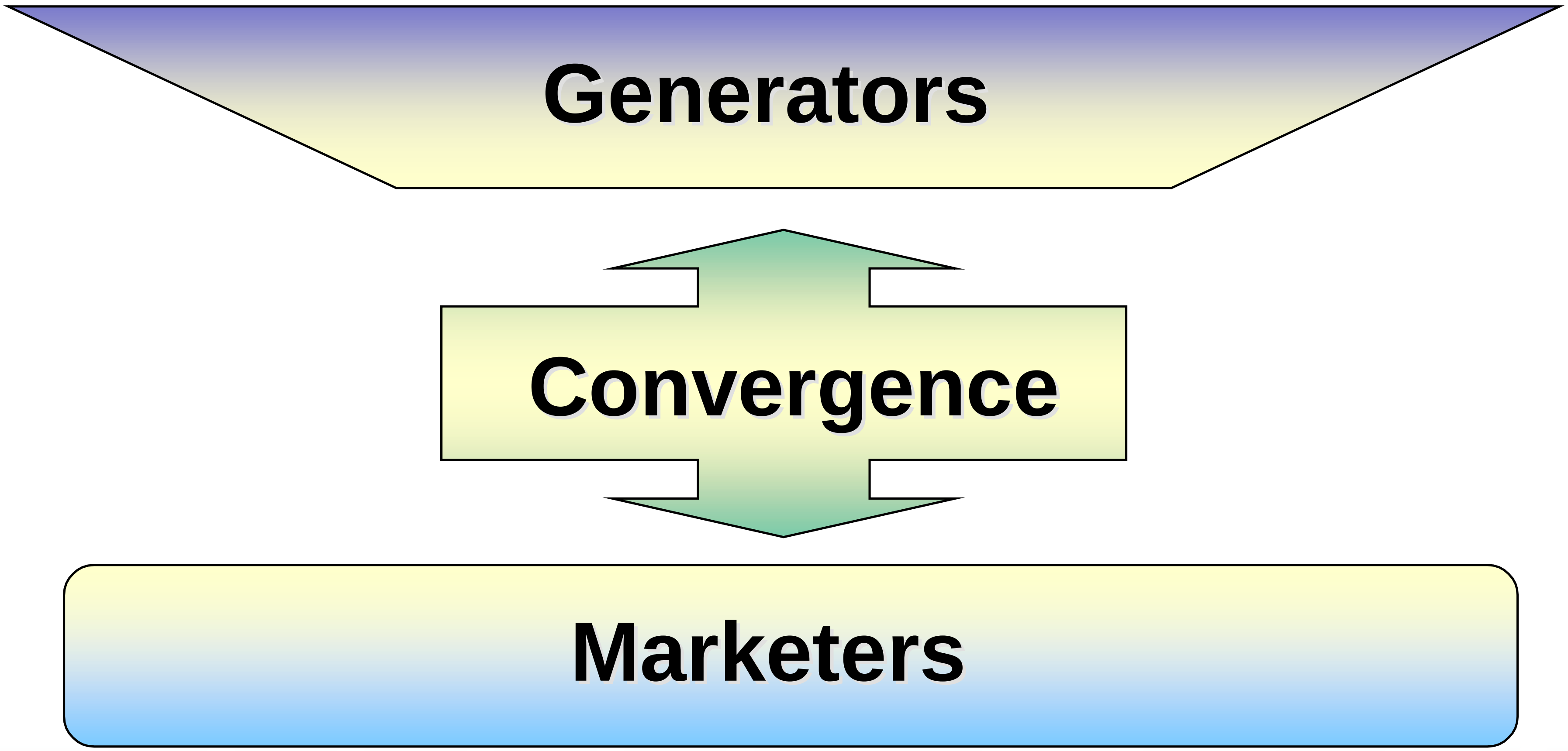
Who are the New Competitors?



Competitive Supplier Needs

- **Robust wholesale and retail markets**
  - Most new generation built in regions/states adopting retail access
    - New England -- 22,313 MW
    - California -- 21,907 MW
    - Texas -- 27,905 MW
    - Indiana -- 8,177 MW

Competitive Supplier Needs (cont.)

- Access to transmission grids comparable to utilities' access
- Large integrated RTOs and/or Transcos with single control point
- Fair and efficient policies for interconnection of new generation

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A Competitive Industry Now, But Hampered in the Short-Term By:

- **Failure of Congress to update statutes underlying competitive markets**
- **Lack of clarity on FERC/state jurisdiction and future roles of each**
- **Failure of states to adopt consistent timeframes for implementing retail competition**

A Competitive Industry Now, But Hampered in the Short-Term By: (cont.)

- Failure of some states to adopt optimum retail competition models
- Failure of states and regions to standardize procedures and rules
- Lack of RTOs and/or Transcos

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